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Cooperatives in social development

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 70/128. In the report, the role of cooperatives in achieving the Sustainable Development Goals and the means through which they advance the central pledge to leave no one behind are highlighted. The contribution of cooperatives to addressing the developmental challenges of the least developed countries and opportunities for leveraging the resources of the cooperative enterprise model and of the international, regional and national cooperative organizations to implement the 2030 Agenda for Sustainable Development are explored in depth. The report includes proposed strategies for strengthening cooperatives, given the key challenges that they face in their pursuit of sustainable development for all, and concludes with policy recommendations for the further advancement of cooperatives.

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I. Introduction

1. In its resolution 70/128, the General Assembly recognized that cooperatives, in their various forms, promoted the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples. It recognized the important contribution and potential of all forms of cooperatives to the follow-up to the United Nations conferences in the economic, social and related fields and noted the acknowledgement of the role of cooperatives in the implementation of the 2030 Agenda for Sustainable Development and in relation to financing for development in the outcome documents of United Nations summits. The Assembly requested the Secretary-General to submit at its seventy-second session a report on the implementation of the resolution.

2. In the present report, the role of cooperatives in achieving the Sustainable Development Goals and the means through which they advance the central pledge to leave no one behind are highlighted. The contribution of cooperatives to addressing the developmental challenges of the least developed countries and opportunities for leveraging the resources of the cooperative enterprise model and of the international, regional and national cooperative organizations to implement the 2030 Agenda are explored in depth. The report sets out the key challenges facing cooperatives in the context of implementing the 2030 Agenda, strategies to further promote the cooperative enterprise model and recommendations for consideration by the General Assembly.

II. The role of cooperatives in achieving the Sustainable Development Goals[1]

3. The 2030 Agenda calls for collaborative partnership among all countries and all stakeholders in implementing an ambitious plan of action for people, planet and prosperity. The Agenda champions a path towards sustainable development that seeks "win-win" cooperation in the collective pursuit of global development. It emphasizes a people-centred and integrated approach, with a particular commitment to the empowerment of people who are vulnerable and disadvantaged. Heads of State and Government and development partners acknowledge the role of the diverse private sector, including cooperatives, in achieving the Sustainable Development Goals.

4. Cooperative enterprises are in a unique position to help to promote the 2030 Agenda. They are natural vehicles to deliver the collaborative partnership and the people-centred and integrated approach required to attain the 17 Sustainable Development Goals. As values-driven and principles-based enterprises,[2] they work towards the well-being of all their members and focus on the development of the communities in which they operate. It is inherent among them to safeguard

[1] This present section highlights the key contributions that the cooperative enterprise model can make to the realization of the Sustainable Development Goals. It can be read in conjunction with the previous report of the Secretary-General on cooperatives in social development (A/70/161), submitted to the General Assembly at its seventieth session.

[2] Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. All cooperatives adhere to seven principles that govern their actions and practices: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for the community.

community relations, enhance local resources, advocate social responsibility and adopt sustainable and long-term business practices.

5. Across the world, cooperatives promote sustainable development in all its three dimensions — social, economic and environmental. They have a significant presence in both developed and developing countries, serving more than 1 billion members or clients.[3] As a group, they employ more than 100 million people worldwide, which is 20 per cent more than the number employed by multinational enterprises.[4] Together, the world's largest 300 cooperatives had a total turnover of more than $2.5 trillion in 2014, spanning various economic sectors, such as agriculture, banking and finance, insurance, health care and wholesale and retail trade.[5]

A. Cooperatives contribute to the eradication of poverty and hunger and promote prosperity in a changing world

6. The objective of shared prosperity is at the centre of the 2030 Agenda. Leaving no one behind entails that societies must address the problem of poverty. Cooperatives contribute to poverty reduction in many important ways, including by: (a) identifying and providing economic opportunities for their members; (b) empowering the disadvantaged to participate equally in all aspects of cooperative affairs and society at large and defending their interests; (c) providing security to people living in poverty by allowing them to convert individual risks into collective risks; and (d) mediating member access to assets that they utilize to earn a living.[6]

7. Agricultural growth and rural development are critical to the eradication of hunger. Agriculture and food cooperatives provide smallholder farmers access to resources, such as credit, farm inputs, land, technology and insurance, to raise productivity and income. They help them to achieve food, employment and livelihood security and acquire the means to move out of poverty. Cooperatives also improve market access, especially for smallholder producers, helping farmers to raise their income.[7]

8. Cooperatives reach the most excluded sections of the population, providing needed goods and services otherwise not met by the private and public sectors. Many cooperative members obtain access to formal financial services through savings and credit cooperatives and credit unions. Approximately 45 per cent of the branches of financial cooperatives are in rural areas, compared with only 26 per cent of the branches of commercial banks.[8] Worldwide, there are about 53,000 credit cooperatives and credit unions serving more than 857 million people, of which

[3] Dave Grace and Associates, "Measuring the size and scope of the cooperative economy: results of the 2014 global census on cooperatives", paper produced for the Division for Social Policy and Development of the Department of Economic and Social Affairs, New York, April 2014.

[4] International Labour Organization (ILO), "Cooperatives: resilient to crises, key to sustainable growth", 6 July 2012.

[5] International Cooperative Alliance and European Research Institute on Cooperative and Social Enterprises, "World cooperative monitor: exploring the cooperative economy, report 2016", September 2016.

[6] Fredrick O. Wanyama, *Cooperatives and the Sustainable Development Goals: A Contribution to the Post-2015 Development Debate* (Geneva, ILO, 2014).

[7] Food and Agriculture Organization of the United Nations (FAO), *The State of Food and Agriculture: Innovation in Family Farming* (Rome, 2014).

[8] Consultative Group to Assist the Poor and World Bank Group, "Financial access 2010: the state of financial inclusion through the crisis", Washington, D.C., 2010.

78 million earn less than $2 a day.[9] In many developing countries, financial services in small villages are offered only by cooperatives.

9. Cooperative enterprises are well placed to connect the informal sector to the formal economy. People living in poverty generally lack knowledge and information about traditional loan and savings schemes and are therefore excluded from them. Financial cooperatives fill the gap by being responsive to members' needs, relaxing documentation and procedural requirements and introducing flexibility in managing finances. More importantly, their services prevent loan sharks from charging high interest rates that further impoverish people in the informal sector. Other types of cooperatives, such as workers' cooperatives, also play an important role in organizing self-employed and informal workers and marketing their products and services in the formal market. Such cooperatives are used as means for formalization by creating economies of scale and negotiation power with public and private sector actors.[10]

10. Cooperatives have an important impact on education, health care and basic services. They are involved in the direct provision of good-quality education by setting up their own schools and championing cooperative education in the education system in some countries. They also contribute to improvements in health outcomes through health-care cooperatives involved in home-care services, pharmacies, clinics and hospitals.

B. Cooperatives empower people and ensure inclusiveness and equality for peaceful societies

11. Across the globe, cooperatives and the wider social economy contribute about 7 per cent to the world's gross domestic product (GDP) and to global employment.[11] They play a particularly significant role in employment creation through the direct employment of people, the indirect promotion of employment by creating market opportunities and improving market conditions, and spillover effects to non-members.[12]

12. Cooperatives contribute to gender equality by expanding women's opportunities to participate in local economies and societies in many parts of the world. At the family level, women's membership in cooperatives translates into positive outcomes for girls, as the women usually invest in the education of their children.[13] In Eastern Africa, women's participation in cooperatives is increasing rapidly, sometimes faster than men's. In Italy, Japan and Spain, women have a

[9] Kevin C. Chua, "Cooperatives: engaging the community to address the challenges brought by the middle income status", paper presented at the regional forum on the theme "Journey to and from the middle income status — the challenges for public sector managers", organized by the Ministry of Finance of China, the Asia-Pacific Finance and Development Centre and the Asia-Pacific Community of Practice on Managing for Development Results, Shanghai, 22-25 April 2014.

[10] ILO, "Cooperation in a changing world of work: exploring the role of cooperatives in the future of work", *Cooperatives and the World of Work No. 6* (Geneva, 2016).

[11] Jürgen Schwettmann, "The role of cooperatives in achieving the Sustainable Development Goals: the economic dimension", paper presented at the expert group meeting of the Department of Economic and Social Affairs on the theme "The role of cooperatives in sustainable development for all: contributions, challenges and strategies", Nairobi, 8-10 December 2014.

[12] Patrick Develtere, Ignace Pollet and Fredrick Wanyama, eds., *Cooperating out of Poverty: The Renaissance of the African Cooperative Movement* (Geneva, ILO and World Bank Institute, 2008).

[13] Eva Majurin, *How Women Fare in East African Cooperatives: The Case of Kenya, Tanzania and Uganda* (Dar es Salaam, ILO, 2012).

strong presence in consumer- and worker-owned cooperatives. In Southern Asia, cooperatives formed by women provide employment opportunities, conducive to social inclusion and empowerment, to other women. In the Middle East, women-only cooperatives allow women to expand their access to economic opportunities and public life. Gender inequalities, however, persist, as women continue to be marginally represented in cooperative leadership and certain sectors, such as large financial cooperatives. Women are more present in savings and credit cooperatives, which offer a much-needed response to their financial needs. Women's cooperatives tend to be smaller in capital, membership and volume of business.[14]

13. Cooperatives have proved to be more resilient in times of economic and financial crisis than their corporate counterparts, making a critical contribution to sustaining employment and overall economic growth. As they are people-centred enterprises, cooperatives are willing to conduct business even at slim margins. During the recent global economic crisis, when most private corporations were downsizing and cutting jobs, many cooperatives were instead cutting profit, implementing shorter work-hours or alternate shifts and working with practical cost-reduction schemes to avoid laying off workers. For example, the Basque workers' cooperative network, Mondragon Corporation, asked its members to agree to forfeit or postpone entitlements and interest on individual capital accounts to mitigate the effects of the subdued market. One of the cooperatives in the network, Fagor Electrodomésticos, experienced heavy losses and filed for protection from creditors. True to its commitment to its member-workers, Mondragon Corporation transferred a total of 417 members to other cooperatives within two months of the declaration.[15]

14. Cooperatives can also contribute to the development of industry, innovation and infrastructure. The electrification of rural areas of the United States of America, for instance, illustrates how cooperatives brought electricity infrastructure to remote areas. In the early 1900s, private power companies refused to service rural farms, given the huge investment involved. In 1936, the Federal Government of the United States passed the Rural Electrification Act, which administered loan programmes, encouraging rural farmers to establish rural electric cooperatives. As a result, within four years of the end of the Second World War, the number of rural electric systems in operation had doubled, the number of consumers connected had more than tripled, and the miles of energized lines had increased more than fivefold.[16]

C. Cooperatives support transformation towards sustainable and resilient societies

15. In addition to enabling disadvantaged members of society to participate more fully in social and economic life, thereby contributing to individual resilience and social cohesion, cooperatives also have the institutional mechanisms to mobilize large numbers of people to respond to environmental degradation. They can educate and raise awareness to promote sustainable production and consumption patterns and achieve economies of scale in promoting green technologies among members and clients. Agricultural cooperatives have been promoting biofuel production and development in Brazil, India and the United States as a low-cost energy source alternative. Meanwhile, renewable energy cooperatives recycle wind power in Denmark, Germany and the United Kingdom of Great Britain and Northern Ireland

[14] Wanyama, *Cooperatives and the Sustainable Development Goals*.

[15] Leire Luengo, "The Mondragon Corporation has already relocated 417 worker-members from Fagor Electrodomésticos", *Cooperative News*, 9 January 2014.

[16] National Rural Electric Cooperative Association, "History of electric co-ops". Available from www.electric.coop/our-organization/history/.

and use solar resources in Kenya and Zambia, offering a local option for clean energy (see A/70/161).

16. Because cooperatives operate at the local level, they can harness community involvement in and promote community acceptance of key decisions. Denmark is a world leader in renewable energy and is hailed as one of the most energy-efficient countries in the world.[17] Renewable energy cooperatives have significantly contributed to the stability of the country's power sector, and more than 150,000 families are members of wind energy cooperatives that operate roughly three quarters of the country's wind turbines. Cooperatives have played an especially key role in promoting community acceptance by involving members in the planning and development stage, thereby overcoming the "not in my backyard" mentality, a problem often associated with wind farms.[18]

17. Cooperatives have a long-term perspective on investment in the community, which holds them accountable for the community assets and commits them to sustainability and social responsibility to safeguard the use thereof by the current and future generations.

18. Cooperatives provide forums in which people can collaborate on solutions to environmental challenges, manage resources responsibly and diversify into eco-friendly economic activities. In Costa Rica, Coopesilencio is an agricultural cooperative that was originally dedicated to grain crops and palm oil production and has since expanded into sustainable ecotourism and environmental protection. The cooperative is currently involved in both farming and community-based rural tourism, which has not only created employment opportunities and increased livelihood, but also preserved the natural environment.[19]

19. Agricultural cooperatives have sometimes been the avenue of choice for technology transfer from researchers to local farmers. For example, a joint study by Cornell and Stanford Universities found that farmers in the Yaqui Valley, Mexico, gained information on implementing new techniques from their local cooperatives or credit unions, rather than directly from scientists.[20]

20. Likewise, agricultural cooperatives have been the means through which local farmers have been introduced to fair trade initiatives. For instance, many fair trade coffee roasters or retailers in the United States have their coffee beans grown and harvested by cooperatives in Latin America. The association of farmers in the South with cooperatives enables them to be involved in fair trade and to export and sell products to foreign wholesalers at above-market prices, improving their income potential.[21]

21. Cooperatives have also been active participants in South-South and triangular cooperation. An International Fund for Agricultural Development programme brings together young people and women in agricultural cooperatives in Algeria, Egypt,

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[17] United States of America, Chamber of Commerce, Institute for 21st Century Energy, "International index of energy security risk: assessing risk in a global energy market", Washington, D.C., 2012.

[18] United Kingdom of Great Britain and Northern Ireland, Department of Trade and Industry Global Watch Mission, "Cooperative energy: lessons from Denmark and Sweden", Pera Innovation Limited, 2005.

[19] See www.uvm.edu/rsenr/rm230/costarica/websites/2006%20Silencio/coope.html.

[20] Ellen B. McCullough and Pamela A. Matson, "Evolution of the knowledge system for agricultural development in the Yaqui Valley, Sonora, Mexico", *Proceedings of the National Academy of Sciences*, vol. 113, No. 17 (26 April 2016).

[21] Patrick Develtere and Ignace Pollet, "Cooperatives and fair trade", background paper commissioned by the Committee for the Promotion and Advancement of Cooperatives for the Open Forum of the Committee on Fair Trade and Cooperatives, Berlin, January 2005.

Morocco, Turkey and Uzbekistan to share innovative solutions to saving water, cultivating water-efficient crops, breeding cattle and building resilience. They also received valuable agricultural biotechnology inputs and knowledge from Hungary, highlighting the advantages of multi-stakeholder partnerships.[22]

III. Institutional resources for the implementation of the 2030 Agenda

22. In order to implement the ambitious 2030 Agenda, with its deep-rooted holistic vision for sustainable development that emphasizes transformative change, an integrated approach is required. Cooperative enterprises, with their principles and values of democratic participation, the centrality of the interests of their members and their concern for the community, embody the spirit of the new development agenda and can leverage their institutional resources in support thereof.

23. Indeed, in paragraph 67 of the 2030 Agenda, cooperatives were acknowledged as an integral part of the private sector, whose role in the implementation of the 2030 Agenda was highlighted as a driver of productivity and job creation.

24. As a business model and an institution, cooperatives have resources that include their activities as business enterprises, their organizational structures, their organizations at the local, subnational, national, regional and global levels, the processes that govern their operations and connect them, and their financial and human resources. Such resources can be mobilized in support of the implementation of the 2030 Agenda.

25. Cooperative enterprises operate under a cooperation network, decentralized at the household and community levels but centralized at the national and international levels through unions, federations and confederations. Unions and federations communicate with each other and share experience and know-how to deliver capacity-building. Such interlinkages enable development progress, beginning in local communities and extending all the way to the global forefront.

26. The previous section contains a summary of the direct and concrete contributions that cooperatives can make to the Sustainable Development Goals through their business operations and activities, by creating decent work opportunities, providing livelihoods and enabling access to essential social services, including for individuals belonging to disadvantaged social groups, and protecting the environment. The present section highlights the resources of the cooperative enterprise model at the community, national, regional and global levels. It focuses on cooperative resources, such as cooperatives and cooperative apex organizations, at the national, regional and global levels, the major events and processes of cooperatives, and their financial and human resources.

[22] International Fund for Agricultural Development, "South-South and triangular cooperation: changing lives through partnership", Rome, December 2014.

A. Awareness-raising and building the connection between global goals and people's lives

27. According to a global census on cooperatives conducted by the Department of Economic and Social Affairs in 2014,[23] there were 2.6 million cooperatives employing 12.6 million workers worldwide. Those cooperative enterprises, large and small, operated approximately 770,000 offices and outlets employing people and servicing customers. Globally, there were more than 1 billion memberships[24] in cooperatives. Cooperative enterprises, their offices and outlets, in addition to their members, employees and customers, can be mobilized to raise awareness of the Sustainable Development Goals at the grass-roots level and to promote local action to implement the globally agreed goals with more direct impact on the daily lives of people. Such action will help to translate global goals and targets into concrete results in people's lives, helping to build the connection between the Sustainable Development Goals and average citizens to garner their support. The same organizational network resources can also be integrated into the participatory monitoring of the Sustainable Development Goals, another channel to raise public awareness and promote action for implementation.

28. Organizations of cooperatives are another important institutional aspect of the cooperative movement that has great potential to support the implementation of the 2030 Agenda and the Sustainable Development Goals. National and international unions, federations and confederations of cooperatives can be the natural "focal points" of communication and mobilization for the 2030 Agenda. In fact, since the global consultation that led to the formulation and adoption of the 2030 Agenda and the related Sustainable Development Goals, cooperative organizations have been actively supporting the 2030 Agenda, by making pledges for the achievement of specific Goals and targets. For example, the International Cooperative Alliance[25] launched an online platform (www.coopsfor2030.coop) on the International Day of Cooperatives in 2016 for raising awareness and pledging actions and targets to contribute to the 169 targets associated with the Sustainable Development Goals. Through the platform, 80 cooperatives from 31 countries have made more than 167 pledges so far.[26] The Alliance also released "Sustainability reporting for cooperatives: a guidebook" to provide concrete guidance to large and small cooperatives on adopting a globally recognized system of sustainability reporting. Such initiatives by cooperative organizations are practical channels through which global goals are linked to local actions. They are also effective means of highlighting the dynamism and power of cooperatives beyond the sector and

[23] The census was a first-of-its-kind global survey of cooperatives that generated the most comprehensive data set on cooperatives. It was conducted with financial support from the Rabobank of the Netherlands as a follow-up to the International Year of Cooperatives in 2012, which identified systematic and comprehensive data as one of the priority areas for action to further promote the growth and advancement of cooperatives for social and economic development. The census gathered data from 145 countries. Data used in the present report are based on that census unless otherwise noted. A caveat of the data set is that, owing to technical reasons, specific figures should be viewed as the lower boundary estimates from the first attempt to gather global data on cooperatives.

[24] Membership rather than the number of individual members is considered a better measurement of population participation in cooperatives, although both indicators could have double accounting, as one person can be a member of more than one cooperative. Conversely, one membership can represent more than one individual member, as a family may register one membership.

[25] The International Cooperative Alliance was established in 1895 to unite, represent and serve cooperatives worldwide. The Alliance's membership comprises national and international cooperative organizations from more than 100 countries.

[26] International Cooperative Alliance, "Co-ops for 2030: a movement achieving sustainable development for all", annual report, Vol. 1 (July 2017).

communities in which they operate to raise their visibility, while enabling national Governments and the international community to better harness the contribution of cooperatives to implement the 2030 Agenda and monitor progress.

B. Financial inclusion and entrepreneurship to leave no one behind

29. Financing is critical to the successful implementation of the 2030 Agenda, and financial inclusion is fundamental to the inclusive growth that is a prerequisite to the fulfilment of the pledge to leave no one behind. In this context, implementing the Addis Ababa Action Agenda of the Third International Conference on Financing for Development is essential to the 2030 Agenda, as stated in paragraph 40 of the latter.

30. The global census on cooperatives estimates that, as at 2014, there were close to 211,000 cooperative banks and credit unions worldwide, with more than 700 million members or clients and total assets in excess of $11 trillion, generating more than $167 million in annual gross revenues. This makes cooperative financial institutions significant players in the financing of sustainable development.

31. More importantly, cooperative banks and credit unions, together with smaller savings and credit cooperatives, play a critical role in promoting financial inclusion for more inclusive sustainable development, a role that is more than represented by the overall number of institutions or number of clients, given the emphasis placed by cooperatives on the interests of the community and their members. Many of the members or clients of cooperative banks, credit unions and other financial cooperatives are within segments of the population that are traditionally left without access to financial services, including people in poverty, small-scale producers in rural areas and women.[27] This particular contribution of cooperatives to financial inclusion is clearly acknowledged in paragraph 43 of the Addis Ababa Action Agenda: "We recognize that micro, small and medium-sized enterprises, particularly those that are women-owned, often have difficulty in obtaining financing ... National development banks, credit unions and other domestic financial institutions can play a vital role in providing access to financial services."

32. Entrepreneurship embedded in cooperative enterprises and democratic governance practices are another resource that can be harnessed for the 2030 Agenda. It is clearly stated that the implementation of the 2030 Agenda requires broad partnerships between the public and private sectors, as the latter is the driver of productivity and job creation. Cooperatives, as private enterprises, have the advantage by virtue of their values and principles that emphasize democratic governance and solidarity. The human and social capital of cooperatives has great potential to foster entrepreneurship, with positive spillovers into the community and society at large to benefit traditionally marginalized groups in society. Membership and involvement in cooperative affairs often serve as a "training ground" for participatory processes that promote social and political empowerment, which is also integral to the effective implementation and monitoring of the 2030 Agenda and to ensuring the realization of its inclusive vision.

[27] Not all countries provided disaggregated data on members or clients. It is widely acknowledged in case studies and literature on financial inclusion that women and people living in poverty are unserved by commercial financial institutions.

IV. Implementation of the 2030 Agenda in the least developed countries and cooperatives

33. The least developed countries comprise 48 United Nations Member States, most of which are in sub-Saharan Africa (34), with the remaining in Asia and the Pacific (13) and the Caribbean (1). As the "poorest and weakest segment" of the international community, the least developed countries are the archetype of those left behind.[28] Despite representing approximately 12 per cent of the world's population, they account for less than 2 per cent of the world's GDP. The incomes of their citizens are not only low on average but also unequally distributed. Their economies are largely agrarian and characterized by low levels of productivity and investment. They are vulnerable to external shocks because they rely strongly on exports of primary commodities. Only a small number of those countries have been able to diversify into the manufacturing sector, mainly in labour-intensive industries, such as textiles and clothing. In addition, they have very low levels of both social development, characterized by weak human and institutional capacities, and domestic resource mobilization.

34. The 2030 Agenda pledges that no Sustainable Development Goal will be considered to have been met unless it is achieved for all people in all countries. Achieving the Goals and targets set out in the 2030 Agenda in the least developed countries is therefore critical to the successful implementation of the Agenda globally, in addition to fulfilling its promise of prosperity for all. In this regard, examining the role of cooperatives in assisting the least developed countries in meeting the Sustainable Development Goals takes on particular importance.

35. The 2030 Agenda and the Sustainable Development Goals, as well as the preceding Istanbul Declaration and the Programme of Action for the Least Developed Countries for the Decade 2011-2020, have clear priority areas to achieve lasting social progress in the least developed countries. First, the least developed countries need to undergo structural transformation, that is, experience rapid and inclusive economic growth, as well as changes in the sectoral composition of their economies. Second, they need to build or develop their productive capacities through education, the empowerment of women, decent work and good health, among others.

A. Development challenges in the least developed countries

36. The least developed countries continue to face challenges in achieving economic and social development objectives. On average, economic growth, which is needed to generate resources for achieving structural transformation and building productive capacities, has slowed in those countries since 2012 to a rate of 3.6 per cent per annum in 2015, far below the target of at least 7 per cent per annum recommended by the Programme of Action.[28] The sharp decline in commodity prices, which has particularly affected the commodity-exporting least developed countries in Africa, is the main reason behind such poor performance.

37. The least developed countries have made limited progress towards achieving positive structural transformation. The share of the agricultural sector in GDP of the least developed countries as a group declined gradually, from 27.1 per cent in 2001-2010 to 25.2 per cent in 2011, mainly as a result of trends in the least developed

[28] *The Least Developed Countries Report 2016: The Path to Graduation and Beyond — Making the Most of the Process* (United Nations publication, Sales No. E.16.II.D.9).

countries in Asia.[29] However, the share of the manufacturing sector stagnated around 11.5 per cent in 2001-2010 and in 2011-2014.[30] By contrast, the share of the mining sector in GDP expanded, especially in the least developed countries in Africa, from 14.0 per cent in 2001-2010 to 16.3 per cent in 2011.[29] Unfortunately, the least developed countries that relied on extractive sector revenues (oil, gas and minerals) have recently been hit hard by high inequality, as the sector tends to benefit primarily the richest, and dramatic falls in the global demand for and prices of commodities. Furthermore, despite the declining share of agriculture in GDP of the least developed countries, a large section of the labour force, 64.1 per cent in 2012, continues to be engaged in the agricultural sector, which implies high underemployment in that sector.

38. In terms of social and human development, the least developed countries have made moderate progress. Poverty remains high and most pervasive in those countries, demonstrated by the fact that 51 per cent of their total population, approximately 400 million people, were still living in extreme poverty in 2016.[31] Similarly, undernourishment has decreased very slowly in those countries, such that one in four people were still undernourished in 2015, and the number of undernourished people has even increased.[32] Primary education has also seen progress in the least developed countries. The net enrolment rate in primary education rose from 56 per cent in 1995 to 82 per cent in 2014.

39. Unemployment appears low in the least developed countries, at a rate of between 5 and 6 per cent since the 1990s. However, underemployment is prevalent: in 2016, 40 per cent of workers worked less than 35 hours a week. Furthermore, the majority of workers are engaged in informal employment, and only 6 per cent of all workers are covered by labour laws and social protection through written contracts. With a rate that is twice as high as the adult unemployment rate, youth unemployment is also a great challenge in the least developed countries. In many of them, over half of the population of young people are in informal employment.[31] In addition, young people face considerable difficulty in finding decent and secure employment, partly because of a mismatch between skills and labour market needs.

40. Women in the least developed countries continue to face the worst disadvantages with respect to access to education, the labour market, productive resources and markets. At 0.57, the United Nations gender inequality index for the least developed countries in 2015 was higher than that for developing countries as a whole (0.45).[33]

B. Contribution of cooperatives to the realization of the Sustainable Development Goals in the least developed countries

41. As organizations that endeavour to promote economic progress while satisfying the sociocultural needs of their members, cooperatives are highly relevant and important in the realization of the Sustainable Development Goals in the least developed countries.

[29] LDC IV Monitor, *Istanbul Programme of Action for the LDCs (2011-2020): Monitoring Deliverables, Tracking Progress — Analytical Perspectives* (London, Commonwealth Secretariat, 2014).

[30] Shifaana Thowfeequ, "The development challenges of LDCs", presentation made at the expert group meeting on the theme "Ensuring that no one is left behind: the cooperative sector as a partner in the implementation of the United Nations 2030 Agenda for Sustainable Development", New York, 16-17 November 2016.

[31] United Nations, "State of the least developed countries 2016", 2016.

[32] World Bank, World Bank Open Data. Available from http://data.worldbank.org/.

[33] *The Least Developed Countries Report 2016*.

42. The agricultural sector contributes a high proportion of GDP and an even greater share of employment in the least developed countries. Agricultural cooperatives have been effective at reducing poverty in the least developed countries, by bringing about output and income growth and creating sustainable rural employment therein. They have also created more equitable growth, by helping their members to access finance, inputs, equipment, new technologies, training, information and markets and by strengthening the bargaining power and competitiveness of small producers through economies of scale. In Rwanda, for instance, membership in an agricultural cooperative significantly contributed to farmers' welfare, by improving their income by more than 40 per cent.[34] In Nepal, farmers who were affiliated with a cooperative had higher bargaining power and sold their produce at higher prices (by 16.40 rupees per kilogram). At the same time, cooperatives reduced marketing costs, such as transportation and commission costs, for the benefit of their members.[35]

43. Agricultural cooperatives have also played a significant role in ending hunger, achieving food security and improving nutrition in rural areas of least developed countries, by helping small farmers to overcome the numerous obstacles that they confront, such as remoteness and a lack of access to information about food prices, high-quality inputs and loans, and by building their skills and providing them with knowledge and information.[36] In the United Republic of Tanzania, for instance, agricultural cooperatives have created access to such products as maize, milk and coffee.[37] In Cameroon, the Cooperative des éleveurs de vaches laitiers de Foumbat, a dairy farmer cooperative, contributes to food security and higher family income through increased crop yields and the diversification of the food supply. When members applied the technical training that they had received on how to improve farming practices by fertilizing the land with cow dung harvested from the dairy farms, their food crop yields increased substantially. Within six months, average production had increased from 976 pounds to 5,500 pounds for maize, from 423 pounds to 754 pounds for beans and from 661 pounds to 1,219 pounds for potatoes. The members were also able to increase family consumption of fresh milk and supply large quantities of milk to the cooperative every day for marketing.[38]

44. Financial cooperatives have contributed to ensuring inclusive and equitable access to quality education. In many of the least developed countries, loans from savings and credit cooperatives have enabled children of members to access good-quality education and thus promoted lifelong learning opportunities for generations. In Ethiopia, for instance, rebates from fair trade have been used by cooperatives to financially support the social infrastructure of primary schools. In the United Republic of Tanzania, cooperatives have established good-quality education institutions in remote areas.[39]

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[34] Ellen Verhofstadt and Miet Maertens, "Can agricultural cooperatives reduce poverty? Heterogeneous impact of cooperative membership on farmers' welfare in Rwanda", Biometrics Working Paper Series, No. 2014/2 (University of Leuven, 2014).

[35] Poudel Niroja, Itabashi Mamoru and Yukio Muto, "Marketing system of agricultural cooperatives in Nepal", *Review of Integrative Business and Economics Research*, vol. 4, No. 4 (October 2015).

[36] Wanyama, *Cooperatives and the Sustainable Development Goals*.

[37] Esther Gicheru, "The role of the cooperative enterprise model in implementing the Sustainable Development Goals in the least developed countries", paper presented at the expert group meeting on "Ensuring that no one is left behind: the cooperative sector as a partner in the implementation of the United Nations 2030 Agenda for Sustainable Development", New York, 16-17 November 2016.

[38] Aaron Kaah, "Dairy farmer cooperative contributes to food security in Cameroon", Heifer International, 12 October 2012.

[39] Gicheru, "The role of the cooperative enterprise model".

45. Cooperatives have been an effective platform for the socioeconomic empowerment of women. Membership in cooperatives is growing for women and their access to leadership is increasingly open. In Uganda, for instance, the participation of women in agricultural cooperatives is increasing faster than that of men. In the United Republic of Tanzania, women have been empowered to take leadership positions in cooperatives.[39] In Rwanda, coffee cooperatives have played an important role in the creation of employment, and thus in access to income, for women in rural areas. Coffee cooperatives have trained men and women to share income equally, especially coffee revenue, thus contributing to gender equality. These cooperatives have taught women how to save and invest the sales from coffee and to open and maintain bank accounts, all of which has contributed to their empowerment, because they were given a chance to think about the future.[40]

46. Cooperatives have helped to reduce inequality within and among countries, as equality is a universal value upheld by all cooperatives. By promoting more inclusive and equitable growth, cooperatives contribute to the reduction of poverty and inequality in the least developed countries, which, in turn, can help to reduce the gap between the least developed countries and other developing countries.

V. Strategies for strengthening the contribution of cooperatives to the achievement of sustainable development for all

47. In order to effectively leverage the potential contribution of cooperatives to the achievement of the Sustainable Development Goals everywhere, some challenges remain that must be addressed. While some of the challenges are internal to the cooperative model, others relate to external environments and require support from Governments. Some strategies to overcome the key challenges are highlighted below.

A. Increase awareness of the role of cooperatives in realizing the Sustainable Development Goals

48. By nature, most cooperatives are locally based, independently operated business enterprises. Consequently, the benefits and impact of cooperatives are not well known beyond the communities in which they operate. There is a general lack of awareness on the part of the public of the contributions of cooperatives to social and economic development. At the same time, cooperative members and employees may not be aware of the international development goals adopted far away in the meeting halls of global organizations. This two-way lack of awareness undermines the potential of cooperatives, which can and should be realized for the implementation of the 2030 Agenda. It also misses an opportunity to link internationally agreed development goals, including the Sustainable Development Goals, to the daily lives of people and the operations of cooperatives.

49. Similarly, education and information about cooperatives are non-existent or inadequate in the communities in which they could make a real difference. For example, many people, especially people living in poverty, are not aware of the benefits of becoming members of cooperatives.

[40] M. Ya-Bititi Gisaro, "Coffee cooperatives and women's empowerment in Rwanda's rural areas: a case study of KOAKAKA coffee cooperative in Rwanda", paper presented at the Cooperatives and the World of Work Research Conference, co-hosted by the International Cooperative Alliance and ILO, Antalya, Turkey, 8-10 November 2015.

50. In order to strengthen the contribution of cooperatives to the achievement of the Sustainable Development Goals, strategies for communication and education on cooperatives are needed. On the one hand, cooperatives and their organizations could be encouraged to organize town hall meetings, workshops and seminars to disseminate information on the practical benefits of forming cooperatives. They could also intensify collaboration with educational institutions at all levels to include practical information on cooperatives in school curriculums. In this regard, the platforms and opportunities afforded by the spread of new information and communications technologies are being utilized by cooperatives and their organizations to overcome information challenges (see sect. III of the present report). On the other hand, Governments should complement the efforts of cooperatives by facilitating outreach to the public through governmental channels and supporting the inclusion of information on cooperatives in the curriculum of public schools. Governments could also encourage the creation of cooperatives, for example financial cooperatives, in particular savings and credit cooperatives, in close proximity to communities to help to demonstrate the transformational power of cooperatives in social and economic development.

B. Generate consistent data to support evidence-based research, especially with regard to the Sustainable Development Goals

51. One aspect of effective awareness-raising to promote the role of cooperatives in the implementation of the Sustainable Development Goals is to gather timely, comprehensive and consistent data that will demonstrate cooperatives' actual impact on and contribution to the achievement of the Sustainable Development Goals and their contribution thereto. Such data will also be necessary for comparative analyses of the advantages and disadvantages of different enterprise governance models, to generate evidence-based data and knowledge for better policy design. Therefore, international guidelines on cooperative statistics need to be developed.

52. In this regard, the Department of Economic and Social Affairs has initiated an inter-agency effort to meet that need. Building on the first-ever global census on cooperatives, undertaken by the Department in 2014, the international Committee for the Promotion and Advancement of Cooperatives[41] has formed a working group to develop guidelines on cooperative statistics. The Committee has also actively promoted the sharing of good practices among national statistical offices, cooperative practitioners and researchers to advance work on cooperative statistics.

C. Establish effective policies, laws and regulations

53. As business enterprises, cooperatives need an enabling environment in order to thrive. The reality, however, is that many countries do not have a legal and legislative framework that recognizes the special values and identity of cooperatives. In other countries, cooperatives are governed by weak and outdated legislation and regulations and suffer from a lack of understanding on the part of those in charge of implementing and upholding cooperative laws. As a result, cooperatives are disadvantaged as enterprises.

54. Governments should first recognize cooperatives as development partners, while acknowledging and supporting the contributions of cooperatives to the community and society at large beyond their role as businesses. Governments

[41] The Committee for the Promotion and Advancement of Cooperatives consists of the Department of Economic and Social Affairs, FAO, ILO, the International Cooperative Alliance and the World Farmers' Organization.

should invest in renewing cooperative laws, especially in the areas of access to capital, competitiveness and fair taxation, in accordance with the changing business environment. It is also important that Governments devote resources to building the capacity of the people responsible for implementing the laws. The Department of Economic and Social Affairs has provided capacity-building support to the least developed countries in reviewing national legal and legislative frameworks and in establishing legislation and regulations specific to financial cooperatives. The Food and Agriculture Organization of the United Nations, in partnership with the International Cooperative Alliance, is engaged in ongoing work to develop a global database and an online platform on cooperative law to gather evidence for the analysis of the impact of the institutional environment for cooperatives on their performance in developing countries.

D. Build the capacity of cooperatives to participate in sustainable development processes at the national, regional and international levels

55. Many cooperatives suffer from a lack of human capital in cooperative management, which is particularly acute in small cooperatives. Governments and cooperative organizations should therefore invest in training for managers of primary societies, including in providing high-quality cooperative training in vocational schools and tertiary education. The training of female managers is particularly important, given the limited engagement of women, compared with that of men, in cooperatives due to gender inequalities in literacy levels, skills, land ownership and access to credit and information. Supporting the inclusion of youth leaders in the cooperative movement is equally important, as young people are overrepresented among the unemployed. As at 2016, young people accounted for more than 35 per cent of unemployed people globally, despite representing just over 15 per cent of the world's labour force and 21 per cent of the global working-age population.[42]

56. The Department of Economic and Social Affairs organized expert meetings to share good practices in the promotion of cooperatives. Within its limited resources, the Department also invited participants from the least developed countries to such meetings for mutual learning. It also mobilized resources for a capacity-building workshop for government officials responsible for cooperatives and cooperative practitioners from developing countries, especially the least developed countries, to strengthen capacities to promote cooperatives, with the aim of further leveraging the contributions of cooperatives for the implementation of the 2030 Agenda.

57. Encouraging cooperation among cooperatives is another strategy to strengthen their capacity. In this regard, national and international organizations of cooperatives and sectoral cooperative societies are already playing an important role. National Governments and international organizations, such as the United Nations, can invest in and facilitate such private sector initiatives to strengthen public-private partnerships for the 2030 Agenda. The United Nations, with the Department of Economic and Social Affairs as the focal point on cooperative issues, is committed to leveraging its convening power and its role as a global forum to further facilitate cooperation and partnerships involving cooperatives.

[42] ILO, *World Employment and Social Outlook: Trends 2016* (Geneva, 2016).

VI. Conclusions and recommendations

58. The ambitious 2030 Agenda is built on a holistic vision for people, prosperity and the planet that emphasizes inclusive and sustainable development that is transformational to ensure that no one is left behind. The cooperative narrative shows that the cooperative model, with its core value of solidarity, is an important partner in achieving the Sustainable Development Goals and enriching the spirit and outcomes of the implementation process of the 2030 Agenda. Cooperatives are vital instruments that are natural allies of the Agenda, with the theme of leaving no one and no country behind. Cooperatives have been recognized as one of the key actors to implement the Agenda. It is therefore important to further integrate them into the multi-stakeholder partnerships that are being formed for the realization of the Sustainable Development Goals.

59. Cooperative enterprises have a strong potential to alleviate poverty and hunger, stimulate economic growth, create employment and decent work opportunities, build social capital, address inequality and empower women. Such power of cooperatives is particularly important for the achievement of the Sustainable Development Goals in the least developed countries. The institutional resources of cooperatives are also significant and can be actively leveraged for the implementation of the 2030 Agenda at the community, local, national and international levels.

60. With a view to further promoting the development of cooperatives in all countries in order to harness cooperatives' invaluable contribution to social development, and thus to the achievement of the Sustainable Development Goals, the General Assembly may wish to consider the following recommendations:

(a) **Governments should review existing legislation and regulations to make the national legal and regulatory environment more conducive to the creation and growth of cooperatives, by improving existing laws and regulations and/or by establishing new ones, especially with regard to access to capital, competitiveness and fair taxation;**

(b) **In order to support evidence-based national strategies and policies and to strengthen the contribution of cooperatives to the 2030 Agenda, there is an urgent need to develop and harmonize a statistical framework for the systematic collection of comprehensive data on cooperatives and to promote and disseminate evidence-based research on cooperatives. International institutions, such as the United Nations, and government authorities should support and collaborate with the cooperative movement to standardize statistical definition and collection relating to cooperatives and promote research;**

(c) **The international community, national Governments and the cooperative movement should work jointly to raise awareness of the contribution of cooperatives to sustainable development, especially in areas relating to those Sustainable Development Goals on social inclusion, employment creation, poverty eradication and inequality reduction;**

(d) **Given the potential of cooperatives to contribute to overcoming development challenges in the least developed countries, most of which are in Africa, the international community and the cooperative movement should support Governments of the least developed countries in creating a favourable environment for cooperative growth and encouraging greater networking and capacity-building among cooperatives to reap the power of cooperatives for social and economic development. Emphasis should be placed on rural**

development and on increasing the participation of young people, women and girls, especially in the leadership of cooperatives;

(e) In order to maximize the contribution of cooperatives to the implementation of the Sustainable Development Goals, especially in the least developed countries, the United Nations system should continue to provide technical support and capacity-building assistance to cooperatives and national Governments. The United Nations system should also continue to use its advantage as an international platform for collaboration and exchange to facilitate the sharing of good practices by all partners and cooperation among cooperatives.